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**Finnish Centre for Pensions**

FI-00065 Eläketurvakeskus Finland

Tel. +358 10 7511 • Fax +358 9 148 1172

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**Eläketurvakeskus**

00065 ELÄKETURVAKESKUS

Puhelin 010 7511 • Faksi (09) 148 1172

---

**Pensionsskyddscentralen**

00065 PENSIONSSKYDDSCENTRALEN

Tfn 010 7511 • Fax (09) 148 1172

Email: [firstname.surname@etk.fi](mailto:firstname.surname@etk.fi)

Helsinki 2009

ISSN 1236-7737

## ABSTRACT

This review analyses the level of pension contributions paid in Denmark mainly in 2005. The main contribution data have also been compiled into statistics series. The aim of the review is to provide an overview of the total cost of pension financing when taking into account occupational pensions and the government's share of financing in addition to the statutory pension contributions. Pension assets and related investment operations are not included in the analysis.

Pension contributions have been compared in relation to the market and basic (factor) price GDP, as well as the wage bill and to the compensation of employees (including also the employer's social security contributions). By using different indicators, we have sought to achieve maximum comparability between the results of different countries. The review also presents examples of employee and employer pension contributions.

All pension contributions in relation to GDP at market prices was 13.96 per cent and in relation to GDP at basic prices 16.45 per cent.

The review is part of a more extensive comparison of the total level of pension contributions in nine European countries in 2005 made by the Finnish Centre for Pensions. Besides Finland, the countries compared are Denmark, France, Germany, Great Britain, the Netherlands, Norway, Sweden and Switzerland. The data concerning the other countries will be published as separate reviews. The overall results of the comparison have been published in the publication *Pension contribution level in nine European countries* (Finnish Centre for Pensions, Working Papers 2009:1).

## ABSTRAKTI

Tässä selvityksessä tarkastellaan Tanskassa maksettujen eläkevakuutusmaksujen tasoa pääasiassa vuonna 2005. Keskeisimmät maksutiedot on koottu myös tilastosarjoiksi. Katsauksen tavoitteena on antaa kuva eläketurvan aiheuttamasta kokonaismaksurasituksesta, kun huomioon otetaan lakisääteisten eläkemaksujen lisäksi maksut lisäeläkejärjestelmiin sekä valtion osuus rahoituksesta. Eläkevarat ja niihin liittyvä sijoitustoiminta on jätetty tarkastelun ulkopuolelle.

Eläkemaksuja on verrattu suhteessa markkina- ja tuottajahintaiseen bruttokansantuotteeseen sekä palkkasummaan ja työnantajan sosiaaliturvamaksut sisältävään palkansaajakorvaukseen. Eri mittareilla on pyritty mahdollisimman vertailukelpoiseen tulokseen eri maiden välillä. Katsauksessa on lisäksi esitetty esimerkkilaskelmia yksittäisestä palkansaajasta perittävistä eläkemaksuista.

Markkinahintaiseen bruttokansantuotteeseen suhteutettuna kaikkien eläkevakuutusmaksujen osuus oli 13,96 prosenttia ja suhteessa tuottajahintaiseen bruttokansantuotteeseen 16,45 prosenttia.

Selvitys on osa Eläketurvakeskuksessa laadittua laajempaa eläkemaksujen kokonaistasoa koskevaa vertailua yhdeksässä Euroopan maassa vuonna 2005. Suomen lisäksi muut tarkastelumaat ovat Alankomaat, Iso-Britannia, Norja, Ranska, Ruotsi, Saksa, Sveitsi ja Tanska. Muita maita koskevat tiedot julkaistaan erillisinä katsauksina. Kokonaistulokset on esitetty julkaisussa *Pension contribution level in nine European countries* (Finnish Centre for Pensions, Working Papers 2009:1).

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# 1 Introduction

In Denmark the residence-based national pension scheme is a central part of statutory pension provision. The benefits paid from the national pension scheme are old-age pensions and disability pensions. Survivors' pensions as such are not paid out, but if both spouses receive some benefit from the national pension scheme, the aggregate pensions of both spouses are after the death of one spouse paid as a surviving spouse's pension for three months.

There is no statutory earnings-related pension provision in Denmark. The labour market supplementary pension scheme (Arbejdsmarkedets Tillægspension, ATP), which covers wage earners, is a defined contribution scheme, but the contributions are not determined in relation to the earnings, but in relation to the time in employment. The benefits paid from the ATP scheme are old-age and survivors' pensions. The ATP scheme is supplemented by the mandatory special pension savings arrangement (Særlige Pensionsopsparing, SP), into which contributions have in recent years not been collected, however.

Part-time pensions (delpension) may be paid out on the basis of a separate act. Early retirement pensions (efterløn) are paid from the unemployment insurance scheme. The significance of the part-time pension is small largely because persons who are entitled to it are those who are not entitled to an early retirement pension from the unemployment insurance scheme. The early retirement scheme in unemployment insurance has, for its part, been a common exit pathway from the labour market.

Occupational pension schemes are common and they cover about 90 per cent of the employees. Civil servants have their own pension scheme (tjenestemandspension).

## 2 Pension contribution level in 2005

The following tables present the total premium income for pensions in relation to the compensation of employees and the wage sum as well as to GDP in 2005. The compensation of employees amounted to DKK 818,923 million (approx. 109,736 million euros<sup>1</sup>), of which the employer's social security contributions amounted to DKK 62,246 million (approx. 7.6%). The wage sum amounted to DKK 756,677 million (approx. 101,395 million euros). Danish GDP at market prices amounted to DKK 1,554,044 million (approx. 208,242 million euros) and GDP at basic (factor) prices to DKK 1,318,289 million (approx. 176,650 million euros) in 2005.

*Table 1. Pension contributions in relation to wages in 2005.*

Contribution	Premium income/ compensation of employees*	Premium income/ wage sum
Wage earner	<b>0.98%</b>	<b>1.05%</b>
– ATP	0.28	0.30
– Efterløn	0.70	0.75
<b>Employer</b>	<b>0.45%</b>	<b>0.49%</b>
– ATP	0.45	0.49
<b>Share of tax financing</b>	<b>15.09%</b>	<b>16.34%</b>
– Folkepension (incl. efterlevelseshjælp)	8.70	9.42
– Førtidspension	4.04	4.37
– Efterløn	2.25	2.44
– Delpension	0.01	0.01
– ATP	0.09	0.10
<b>Occupational pension contributions</b>	<b>9.98%</b>	<b>10.79%</b>
– Insurance companies	6.32	6.84
– Multi-employer pension funds	1.53	1.65
– Company pension funds	0.10	0.10
– Civil servants' pension scheme	2.03	2.20
<b>Total</b>	<b>26.50%</b>	<b>28.67%</b>

\* Includes employer's social security contributions.

1 1 EUR = 7.4491 DKK.

**Table 2.** Pension contributions in relation to GDP in 2005.

Contribution	Premium income / GDP <sup>a</sup>	Premium income / GDP <sup>b</sup>
<b>Wage earner</b>	<b>0.60%</b>	<b>0.51%</b>
– ATP	0.17	0.14
– Efterløn	0.43	0.37
<b>Employer</b>	<b>0.28%</b>	<b>0.24%</b>
– ATP	0.28	0.24
<b>Share of tax financing</b>	<b>9.38%</b>	<b>7.96%</b>
– Folkepension (incl. efterlevelseshjælp)	5.41	4.59
– Førtidspension	2.51	2.13
– Efterløn	1.40	1.19
– Delpension	0	0
– ATP	0.06	0.05
<b>Occupational pension contributions</b>	<b>6.19%</b>	<b>5.25%</b>
– Insurance companies	3.93	3.33
– Multi-employer pension funds	0.94	0.80
– Company pension funds	0.06	0.05
– Civil servants' pension scheme	1.26	1.07
<b>Total</b>	<b>16.45%</b>	<b>13.96%</b>

a) GDP at basic (factor) prices.

b) GDP at market prices.

### 3 Financing of the statutory pension scheme

#### 3.1 National pension scheme

The national pension scheme is financed from the state and local government budgets, and the financing is based on the pay-as-you-go principle. The old-age, (survivors') and disability pension expenditure of the national pension scheme totalled approximately 6.7 per cent in relation to GDP in 2005.

##### 3.1.1 Old-age pension

The old-age pension expenditure of the national pension scheme amounted to approximately DKK 71.3 billion in 2005, i.e. approx. 4.6 per cent in relation to GDP. Old-age pensions from the national pension scheme were paid to approximately 750,000 insured in January 2005. There has been a clear increase in the number of old-age pension recipients in recent years. In addition to population ageing, another factor which affect the statistics is the legislative amendment which lowered the general retirement age for the national pension from 67 to 65 years as of 1 July 2004. Before the legislative amendment the number of recipients of a national pension was pretty stable, approximately 709,000, in 1993–2002.

**Table 3.** *Old-age pension expenditure\* in 2002–2006, million DKK.*

2002	2003	2004	2005	2006
59,842.9	62,025.2	64,902	71,274.1	78,792

\* Includes also old-age pensions paid abroad.  
Source: Finanslov 2007.

**Table 4.** *Recipients of a national pension\* in 2002–2006.*

2002	2003	2004	2005	2006
709,000	713,000	717,000	746,000	808,000

\* Includes also pension recipients who live abroad.  
Source: Danmarks Statistik.

Survivors' pensions as such are not paid from the national pension scheme, but if both spouses (married or common-law) receive some benefit from the national pension scheme, the aggregate pensions of both spouses are after the death of one spouse paid as a surviving spouse's pension (efterlevelsespension) for three months. A person who is not entitled to a surviving spouse's pension may apply for a surviving spouse's benefit (efterlevelseshjælp), which is paid as a lump sum. The recipients of this benefit numbered about 600 in 2005. The local government and the State finance the pension expenditure to fifty per cent each.

**Table 5.** *Recipients of surviving spouse's benefit in 2000–2006.*

2002	2003	2004	2005	2006
2,400	900	700	600	600

Source: Finanslov 2007.

**Table 6.** *Expenditure for efterlevelseshjælp in 2000–2006, million DKK.*

2002	2003	2004	2005	2006
22.2	8.9	6.9	5.6	5.5

Source: Finanslov 2007.

### 3.1.2 Disability pension (*Førtidspension*)

In 2005 disability pensions from the national pension scheme were paid to slightly less than 260,000 insured, which corresponded to approximately 7.5 per cent of the population aged 18–65. The proportion of disability pension recipients remained pretty unchanged in 1999–2004. In the last couple of years a decrease in the number of disability pension recipients can be observed. A partial reason for this is the reform of the disability pension which took effect from the beginning of 2003. Through the reform the four pensions, which had been granted at different levels and on different grounds, were unified into one disability pension. The pension benefits under the old legislation were:

- highest early retirement pension (højeste førtidspension)
- intermediate early retirement pension (mellemste førtidspension)
- increased general early retirement pension (forhøjet almindelig førtidspension)
- general early retirement pension (almindelig førtidspension).

The highest and the intermediate early retirement pensions were only granted on the basis of disability for health reasons, whereas the increased general and general early retirement pensions could also be granted on social grounds.

**Table 7.** *Disability pension recipients in 2002–2006.*

	2002	2003	2004	2005	2006
Highest/intermediate early retirement pension	172,811	182,692	182,750	172,573	158,210
General/increased general early retirement pension	86,765	77,763	68,563	58,407	47,261
Disability pension (under the new act)	–	–	8,568	24,629	40,414
<b>Total</b>	<b>259,576</b>	<b>260,455</b>	<b>259,881</b>	<b>255,609</b>	<b>245,885</b>

Source: Statistisk Årbog.

All early retirement pensions under the old legislation include, depending on other income, a basic component and a pension increment, and their maximum amounts are the same as for the old-age pension. The highest and the intermediate early retirement pensions further include a disability component (invaliditetsbeløb), the highest early retirement pension includes also

a component for incapacity for work (erhvervsudygtighedsbeløb) and the increased general early retirement pension includes an early retirement component (førtidsbeløb).

In 2005 the amount used for disability pensions was about DKK 33 billion. This corresponded to 2.13 per cent in relation to GDP. The disability pension expenditure in the national pension scheme has remained pretty unchanged in 1999–2004.

**Table 8.** *Disability pension expenditure in 2002–2006, million DKK.*

	2002	2003	2004	2005	2006
Highest/intermediate early retirement pension	23,118	24,722	23,994	22,735	21,440
General/increased general early retirement pension	7,460	6,800	6,538	5,600	5,012
Disability pension (under the new act)	-	421	2,381	4,741	6,869
<b>Total</b>	<b>30,578</b>	<b>31,943</b>	<b>32,913</b>	<b>33,077</b>	<b>33,321</b>

Source: Finanslov 2007.

### 3.2 Early retirement scheme in unemployment insurance (Efterløn)

Wage earners and self-employed persons who are members of an unemployment fund may receive an early retirement pension from the unemployment insurance scheme. The early retirement pension from the unemployment insurance scheme (efterløn) may be paid to insured persons aged 60–64. Early retirement pensions were paid to about 176,000 insured persons in 2005.

**Table 9.** *Recipients of early retirement pension in 2002–2006.*

2002	2003	2004	2005	2006
168 000	178,000	186,000	176,000	157,000

Source: Finanslov 2006 and 2007.

A precondition for the early retirement pension is payment of voluntary early retirement contributions to the unemployment fund. In 2005 the contribution for a full-time insured was DKK 382 (approx. 51 euros) and for a part-time insured DKK 254 (approx. 34 euros) per month. Voluntary early retirement contribution was levied from approximately 1.4 million insured persons in 2005. The premium income of the insured was approximately DKK 5.7 billion, about 0.75 per cent in relation to the wage sum in 2005.

**Table 10.** *Number of payers of efterlønsbidrag in 2002–2006.*

2002	2003	2004	2005	2006
1,455,000	1,415,000	1,373,000	1,356,000	1,278,000

Source: Finanslov 2007.

**Table 11.** Premium income from efterlønsbidrag in 2002–2006, million DKK.

2002	2003	2004	2005	2006
5,921	5,871	5,811	5,711	5,632

Source: Finanslov 2007.

The early retirement pensions are mainly financed from state funds. In 2005 the expenditure for early retirement pensions amounted to approximately DKK 24 billion, i.e. about 1.6 per cent in relation to GDP. The proportion financed by the State was approximately DKK 18.4 billion, about 1.2 per cent in relation to GDP, after deducting the premium income for early retirement pensions.

**Table 12.** Expenditure for early retirement pensions in 2002–2006, million DKK.

2002	2003	2004	2005	2006
20,908	23,352.9	25,063.7	24,147	22,397

Source: Statistisk Årbog 2007; Finanslov 2007, 2006, 2005 and 2004.

The State's costs are also covered by the mandatory labour market contribution (Arbejds-markedsbidrag) paid by employees and self-employed persons. The contribution is used to finance, in addition to early retirement pensions from the unemployment insurance scheme, also for instance disability pensions from the national pension scheme, unemployment and sickness allowances, supported work and training benefits. The labour market contribution was 8 per cent of the wage in 2004 and 2005. The contribution is a tax-like levy and does not automatically entitle to benefits. In 2005 the premium income amounted to DKK 67,077 million (Finanslov; Statistisk årbog 2007). The calculations do not include the premium income from the labour market contribution.

### 3.3 Part-time pension scheme (Delpension)

The part-time pension is a scheme financed by tax revenues, and the implementation of the scheme is the responsibility of the municipalities. The precondition for the granting of a part-time pension is that the part-time pension recipient does not receive and is not entitled to receive early retirement pension from the unemployment insurance scheme (efterløn). The significance of the part-time pension in the Danish statutory pension scheme is small, and the number of pension recipients has been decreasing in recent years.

**Table 13.** Pension expenditure in 2002–2006, million DKK.

	2002	2003	2004	2005	2006
Pension expenditure	174.1	133.2	94.2	59.4	39.4

Source: Finanslov.

**Table 14.** *Part-time pension recipients in 2002–2006.*

2002	2003	2004	2005	2006
2,425	1,900	1,325	770	500

Source: Finanslov for finansåret 2007 and 2006.  
(Arbejdsmarkedsrelateret forsørgelse, Beskæftigelsesministeriet)

### 3.4 Employment-based pension scheme (ATP)

The labour market supplementary pension scheme (ATP) is administrated by the independent ATP pension provider, where both the employer and the employee organisations are equally represented in the administration. The ATP pensions are defined contribution pensions and fully funded. The employer pays 2/3 of the contribution and the employee 1/3. Self-employed persons and independent professionals who continue the ATP insurance policy after having been covered by this insurance policy on the basis of salaried employment for three years pay the whole contribution themselves.

The contributions are divided into four categories according to the working hours. The contributions and the grounds for determining them are summarised in table 15. When the weekly working hours amount to at least 27 hours or the monthly working hours to at least 117 hours, the full contribution is paid (DKK 2,684 per year and DKK 223,65 per month).

Since 1988 the majority of the public-sector employees who are covered by the mandatory industry-specific supplementary pension scheme have paid a lower contribution. For these employees the employer and employee contribution based on full working hours totalled DKK 1,166.40 per year (DKK 97.20 per month). Correspondingly, the annual pension accrual is smaller. However, the employee groups may choose to start paying higher contributions, in which case the future pension is higher.

Contributions are paid for periods of work as well as for periods of unemployment, sickness and maternity allowance and for e.g. rehabilitation, activity and different training benefits. Recipients of early retirement pensions and disability pensions (førtidspension) as well as recipients of part-time pensions and of early retirement pensions in the unemployment insurance scheme also pay ATP contributions. The insured person pays one-third of the contribution and the employer, the municipality, the State or the unemployment fund, depending on the payer of the benefit, pays two-thirds. The contribution is determined in different ways depending on the benefit. The contributions levied on the benefits are based on working hours, double working hours or monthly working hours.

Changes to the contributions are decided on by the labour market organisations in the negotiations for collective agreements. The ATP contribution has for a long time (since 1996) remained unchanged and its proportion in relation to the earnings has decreased. However, after 2005 an increase of the contribution has been decided on, so that the annual contribution was increased to DKK 2,924 in 2006 and further to DKK 3,240 in 2009. It has been agreed that in the future the contribution will be adjusted so that it corresponds to the foreseen approximately one per cent of the average wage.



**Table 15.** Contributions for the ATP pension in 2005, DKK.

ATP	Employer contribution	Employee contribution	Total
Monthly working hours, contribution/month:			
- at least 117 hours	149.10	74.55	223.65
- 78–116 hours	99.40	49.70	149.10
- 39–77 hours	49.70	24.85	74.55
- less than 39 hours	0	0	0
Weekly working hours, contribution/week:			
- at least 27 hours	39.30	19.65	58.95
- 18–26 hours	26.20	13.10	39.30
- 9–17 hours	13.10	6.55	19.65
- less than 9 hours	0	0	0
Occasional employee - contribution per hour	1.08	0.54	1.62

In addition to the payable contributions the benefits are also low: the supplementary pension based on a full working career of full-time work of an employed who retired 1.8.2005 and who had reached the age of 67 was approximately DKK 23,000 per year. The full ATP pension corresponds to approximately 40 per cent of the basic component of the national pension.

In 2005 the premium income for the ATP pension totalled approximately DKK 6.7 billion. The share of premium income levied on earned income amounted to DKK 4,902 million; contributions for periods of unemployment, sickness and maternity allowance were levied to an amount of DKK 1,054 million; for disability (førtidspension) and early retirement pensions (efterløn) DKK 427 million and for other income transfers DKK 361 million.

**Table 16.** ATP premium income in 2002–2006, million DKK.

	2002	2003	2004	2005	2006
Premium income	6,510	6,611	6,676	6,744	7,205
Pension expenditure	4,410	4,567	5,122	6,079	7,080

Source: ATP Koncernen Årsrapporter.

Since 2003 the aim has been to secure a sufficient old-age pension for disability pensioners through the possibility for disability pensioners of paying voluntary contributions for the complementing supplementary pension (SUPP). ATP administrates voluntary supplementary pension provision. At the end of 2005 55,500, about 21 per cent of the disability pensioners had arranged supplementary provision. The contribution is fixed and in 2005 the contribution was DKK 390 per month (DKK 420 in 2008). The municipality pays 2/3 (DKK 260) of the contribution and the insured person 1/3 (DKK 130). In 2005 the premium income amounted to DKK 227 million.

**Table 17.** *Premium income of the SUPP pension scheme in 2002–2006, million DKK.*

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Premium income	-	174	178	227	254
Pension expenditure*	-	-	17	42	45
Insured	-	46,400	50,600	55,500	61,000

\* Includes compensations to the heirs in the event of the insured person's death.  
Source: ATP.

The ATP pension provider also administrates the SP Special Pension Savings Arrangement (Særlige Pensionsopsparring). A contribution of one per cent of gross earnings is levied from wage earners, self-employed persons and recipients of certain social security benefits for the SP pension. The annually accumulated contribution is transferred to a personal pension savings account. The SP pension contribution was not levied in 2004–2008. The SP scheme covered 3,234,000 insured at the end of 2005.

**Table 18.** *SP premium income in 2002–2006, million DKK.*

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Contributions	7,444	7,661	-	-	-
Pension expenditure*	150	171	304	538	516

\* Includes compensations to the heirs in the event of the insured person's death.

## 4 Occupational pension schemes

In Denmark it is in principle possible to distinguish between three different kinds of occupational pension schemes: company pension funds (firmapensionskasser), multi-employer pension funds (tvaergående pensionskasser) and occupational pensions administrated by insurance companies (livsforsikringsselskaber). In addition, civil servants have their own pension scheme.

With the exception of the civil servant's pension scheme, the occupational pension schemes are fully funded and defined contribution schemes. As a rule, the employer pays 2/3 and the insured person 1/3 of the total contribution. The contributions, and thus also the benefits, differ considerably from each other.

At the time of comparison the contributions of the occupational pension schemes have in the private sector been approximately 7–10 per cent of the wage and in the public sector slightly higher, approximately 12–16 per cent of the wage. The contributions are higher for white-collar workers than for blue-collar workers. For those who are members of the labour market organisation LO the typical occupational pension contribution was 9.9 per cent in 2005 (LO). In 2006 the contribution was raised to 10.8 per cent.

As the schemes have matured the contribution rates have been increasing steadily in recent years. For instance, in the fairly extensive (350,000 insured) pension scheme Industriens Pension, which was included in the 2003 contribution level comparison, the contribution was 0.9 per cent of wages when the scheme was set up at the beginning of the 1990s. In 2000 the contribution was 5.3 per cent and the target level of 9 per cent, which had been agreed on at the time, was reached in 2003. In 2005 the contribution rate had increased to 9.9 per cent, and the average contribution amounted to DKK 26,827 per year. The contribution was 11.1 per cent in 2008 and has been raised to 12 per cent in 2009. (Industriens Pension.)

In the public sector occupational pension schemes have been in effect for longer than in the private sector. The civil servants' pension scheme was established in 1919 and occupational pension schemes were established more extensively in the 1960s and 1970s. In the private sector the extensive occupational pension schemes have developed more slowly. The members of the central labour market organisation LO have mainly become covered by pension schemes based on labour market agreements in 1989–1993. During these years numerous new occupational pension schemes were established and the number of employees covered by occupational pension schemes roughly doubled. These new occupational pension schemes are administrated by insurance companies, in contrast to the older pension funds. (Salminen 2003.) Currently the occupational pension schemes cover approximately 90 per cent of the employees.

### 4.1 Company pension funds

In 2005 contributions were paid into company pension funds to an amount of DKK 730.4 million. The pension expenditure amounted to approximately DKK 1.7 billion. However, in principle the pension funds have fully funded pension liabilities, and at the end of 2005 the investment fund amounted to approximately DKK 42 billion (Finanstilsynet).

In the company pension funds the number of insured has been in steady decline. In 1995 the number of active members was 14,874 (26,738 when including pension recipients). The number was approximately half of this in 2006. There were 35 company pension funds in 2006.

**Table 19.** *Company pension funds in 2002–2006, 1000 DKK.*

	2002	2003	2004	2005	2006
Premium income	554,939	620,062	823,856	730,351	679,044
Pension expenditure	1,503,340	1,553,126	1,606,907	1,701,707	1,737,237
Administrative costs	34,442	33,243	33,601	30,799	37,022
Members	9,830	9,912	8,624	8,172	7,760
Members in total (incl. pension recipients)	19,958	19,950	19,286	19,066	18,882

Source: Hovedtal fra Finanstilsynet. Livsforsikringsselskaber 2002–2006.

## 4.2 Multi-employer pension funds

In 2005 the premium income for occupational pensions of the multi-employer pension funds amounted to approximately DKK 12.5 billion. In 2005 there were 29 pension funds. The funds had approximately 555,000 insured in 2005. When the pension recipients are included the number of insured was a good 670,000.

**Table 20.** *Multi-employer pension funds in 2002–2006, 1000 DKK.*

	2002	2003	2004	2005	2006
Pension contribution <sup>a</sup>	11,666,769	12,746,987	13,798,905	12,489,666	14,322,359
Individual pension contribution <sup>b</sup>	296,032	306,385	306,974	378,922	429,937
Pension expenditure <sup>c</sup>	6,695,000	7,074,000	7,888,000	8,133,137	9,187,086

a) Pensionsordninger oprettet som led i et ansættelsesforhold.

b) Pensionsordninger oprettet uden for ansættelsesforhold.

c) I alt forsikrings-/pensionsydelse f.e.r.

Source: Hovedtal fra Finanstilsynet. Livsforsikringsselskaber 2002–2006.

## 4.3 Occupational pensions administrated by insurance companies

The majority of occupational pension schemes have been arranged with insurance companies. In 2005 the pension contributions paid into occupational pension schemes administrated by insurance companies amounted to approximately DKK 51.7 billion. In 2005 there were 36 insurance companies which administrated occupational pension schemes.

**Table 21.** Key figures for life insurance companies in 2002–2006, 1000 DKK.

	2002	2003	2004	2005	2006
Premium income for pensions <sup>a</sup>	38,283,297	43,099,576	45,634,140	51,733,087	61,131,653
Group life insurance	5,805,011	5,950,267	6,177,974	7,656,717	7,751,039
Pension expenditure <sup>b</sup>	13,936,748	16,501,575	18,708,832	20,155,407	26,127,354
Insured for pensions + insured for group life insurance	2,211,303	2,301,463	2,313,888	2,703,450	2,569,551
	+ 4,425,133	+ 4,479,758	+ 4,149,276	+ 4,816,696	+ 4,146,215

a) Livsforsik. kontrakter tegnet som led i et ansættelsesforhold. (Exklud.: Livsforsik. Kontrakter tegnet uden for ansættelsesforhold).

b) Includes besides actual pension expenditure also other expenditure related to occupational pensions: Summer ved død, invaliditet, pensions- og renteydelser, tilbagekøb/ udtrædelsesgodtgørelser, kontant udbetalte bonusbeløb, udgifter til revalidering og sygebehandling.

Source: Hovedtal fra Finanstilsynet. Livsforsikringsselskaber 2002–2006.

The statistics of the Danish Financial Supervisory Authority (Finanstilsynet) also include data on the premium income for pensions of one of the main actors in the public sector, the Local Governments' Pension Fund Kommunernes Pensionsforsikring (KP). In 2005 KP's premium income for pensions amounted to DKK 4,128 million (in addition, the premium income for group life insurance was DKK 1,234 million) and the pension expenditure amounted to DKK 1,514 million. Measured by premium income KP was the fifth-largest company in the market.

**Table 22.** Largest insurance companies measured by premium income in 2005.

	Premium income, million
1. Danica Pension	15,534
2. PFA Pension	14,606
3. PensionDanmark	7,269
4. Nordea Pension	7,100
5. KP	5,557
6. SEB	4,282
<b>Total</b>	<b>54,349</b>
<b>All in total</b>	<b>83,491</b>

Source: Finanstilsynet, Markedsudvikling 2006.

#### 4.4 Civil servants' pension scheme

The civil servants' pension scheme is a defined benefit scheme. The pensions are mainly financed through state and local government tax revenues. The employer pays a pension contribution of 15 per cent into the scheme. The contribution was raised to 20.3 per cent in 2005. In 2005 the insured in the civil servants' pension scheme numbered 103,000 and pensions were paid to 119,719 pension recipients, of which 85,981 received a pension in their own right. The number of insured has decreased in recent years as the insured have transferred to funded and defined contribution occupational pension schemes. At the turn of the millennium the insured numbered approximately 130,000. In 2006 there were 99,760 insured (Finanslov 2007).

**Table 23.** *Premium income and pension expenditure of the civil servants' pension scheme in 2002–2006.*

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Income	5,186	3,330	3,354	3,376	3,249
Pension expenditure	14,506	15,053	15,841	16,660	17,367

Source: Finanslov 2004–2007 (§ 36 Pensionsvæsenet).

## 5 Examples

Examples of the total amount of the employee's and the employer's pension contributions in 2005 are presented in the following. Both statutory pension contributions and occupational pension contributions are taken into account. The occupational pension contributions differ in different schemes and the contribution chosen for this example is the most typical occupational pension contribution of 9.9 per cent in 2005 for members of the labour market organisation LO. The examples do not include the share of tax financing. The wage used is the average wage according to the OECD Economic Outlook database, according to which the average wage in 2005 amounted to DKK 320,300 (approx. 42,920 euros), i.e. approximately DKK 26,692 (approx. 3,580 euros) per month.

**Table 24.** *Total pension contributions in 2005, % of gross wage.*

<b>x average wage</b>	<b>Employer</b>	<b>Employee</b>	<b>Total</b>
<b>1.0</b>			
Early retirement contribution in unemployment insurance	-	1.43	1.43
ATP contribution	0.56	0.28	0.84
SP contribution	-	-	-
Occupational pension contribution	6.60	3.30	9.90
Total	7.16	5.01	12.17
<b>2.0</b>			
Early retirement contribution in unemployment insurance	-	0.72	0.72
ATP contribution	0.28	0.14	0.42
SP contribution	-	-	-
Occupational pension contribution	6.60	3.30	9.90
Total	6.88	4.16	11.04

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Finnish Centre for Pensions   
ELÄKETURVAKESKUS

**Finnish Centre for Pensions**  
FI-00065 ELÄKETURVAKESKUS  
Finland  
Tel. +358 10 7511  
Fax +358 9 148 1172

**Eläketurvakeskus**  
00065 ELÄKETURVAKESKUS  
Puhelin 010 7511  
Faksi (09) 148 1172

**Pensionsskyddscentralen**  
00065 PENSIONSSKYDDSCENTRALEN  
Tfn 010 7511  
Fax (09) 148 1172

**[www.etk.fi](http://www.etk.fi)**